

December 7, 2010

VIA ELECTRONIC MAIL

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

**Re: CC Docket No. 96-45 - Federal-State Joint Board on Universal Service
WC Docket No. 03-109 - Lifeline and Link Up
NOTICE OF EX PARTE PRESENTATION**

Dear Ms. Dortch:

On December 7, 2010, F.J. Pollak, President and Chief Executive Officer, TracFone Wireless, Inc., Javier Rosado, Senior Vice President - Lifeline Services, TracFone Wireless, Inc., and I met with Trent Harkrader, Chief, Telecommunications Access Policy Division, Wireline Competition Bureau, and with Kim Scardino, Cindy Spiers, and Rebekah Bina, all of the Wireline Competition Bureau.

During the meeting, we discussed the Recommended Decision of the Federal-State Joint Board on Universal Service and other issues regarding the low-income programs supported by the Federal Universal Service Fund and TracFone's SafeLink Wireless® Lifeline offering. The positions asserted during the meeting were consistent with positions articulated by TracFone in previously-filed comments in these dockets. In addition, we provided to the members of the Telecommunications Access Policy Division a written presentation summarizing the issues discussed, and with copies of letters in support of TracFone's Lifeline service which have been sent by various public interest and consumer advocacy organizations. Copies of the presentation and the letters of support are enclosed herewith.

Pursuant to Section 1.1206(b) of the Commission's rules, this letter is being filed electronically. If there are questions, please communicate directly with undersigned counsel for TracFone.

Sincerely,



Mitchell F. Brecher

Enclosures

Cc: Mr. Trent Harkrader
Ms. Kim Scardino
Ms. Cindy Spiers
Ms. Rebekah Bina

Enclosure 1

**TRACFONE WIRELESS, INC.
PRESENTATION TO
WIRELINE COMPETITION BUREAU
TELECOMMUNICATIONS ACCESS POLICY
DIVISION
DECEMBER 7, 2010**

**FEDERAL-STATE JOINT BOARD ON UNIVERSAL
SERVICE (CC DOCKET NO. 96-45)**

LIFELINE AND LINK UP (WC DOCKET NO. 03-109)

TracFone became an ETC to provide Lifeline in April 2008

Has been designated as an ETC in 34 states (including the District of Columbia and Puerto Rico) and is awaiting designation in 9 other states). Is now offering Lifeline service in 32 states.

Currently has 3.2 million SafeLink Wireless® Lifeline customers

(That number reflects 4.8 million who have enrolled since the program's inception and 1.6 million who have been de-enrolled per the company's non-usage policy and annual verification requirement

Has materially increased Lifeline enrollment in each state:

AL	162%
CT	39%
DC	103%
DE	249%
FL	300%
GA	285%
TN	268%
VA	692%

[source: data compiled internally in Sept. 2009. In all states except FL, TN and VA, service commenced in 2009]

The SafeLink Wireless® Plans

All SafeLink Wireless® customers receive free E911-compliant handsets (paid for by TracFone, not by the USF)

3 options are available which allow customers to receive up to 250 minutes of airtime per month.

- Usable for local and long distance, intrastate and interstate
- Roaming (no additional charges)
- Text messages

All plans include

- Call waiting
- Caller ID
- Voice mail

(one of the plans even allows for international calling)

Value of TracFone -- and other wireless -- Lifeline programs has increased due to competition in the low income (Lifeline) marketplace

- The initial SafeLink Wireless® offering was 68 free minutes per month
- A Competitor offered 200 free minutes
- Consumer groups told state commissions that 68 minutes was not sufficient for a Lifeline program.
- TracFone listened and in August, TracFone responded with its 250 minute offer -- which has since been matched by at least one competitor.

The presence of competing providers and consumer demand led to significant improvements in the value of the Lifeline programs with no increase in USF support!

Conclusion: For wireless Lifeline, the marketplace works! If the service did not provide value for consumers, millions of consumers would not enroll in the program.

Why has TracFone had unprecedented success enrolling Lifeline customers?

- Service is free (no consumer concerns about incurring bills for long distance, vertical features, overcharges, etc.).
- No risk of loss of service for non-payment
- TracFone views Lifeline as a business opportunity
- Advertises using media targeted to customers who fit Lifeline-eligible demographics
 - Newspapers
 - Community newspapers and periodicals
 - TV/radio advertising
 - Ethnically-targeted marketing
- Advertising Expenditures:
 - 2008 \$5 million
 - 2009 \$35 million
 - 2010 \$41 million
- No other ETC spends that much on Lifeline outreach and advertising.
- Pent up consumer demand for wireless service (heretofore unavailable or unaffordable).

Growth of the Low Income Portion of the USF -- a good thing or a bad thing?

GAO Report says that low income funding increased from around \$820 million in 2008 to \$1 billion in 2009 and is projected to increase to \$1.4 billion for 2010.

Growth in low income funding is not the result of waste, fraud and abuse, it is the result of an increased “take rate” by low-income households.

A government-mandated low-income support program which reaches only 30% of the intended recipients (in many states, less) can not be deemed a success. Reaching more of the intended beneficiaries should be a goal of the Lifeline program, not a problem to be fixed by limiting access to the program.

The cause of growth is that a historically underutilized low income program is now being more fully utilized. That is to be applauded.

The TracFone Lifeline Enrollment Process

- Applicants can contact TracFone by toll-free number or e-mail to enroll.
- Company provides each customer a state-specific enrollment application which lists the qualifying programs for each state.
- TracFone complies with all applicable FCC and state enrollment requirements.
- In most states, applicants self-certify under penalty of perjury that they participate in a qualifying program and that they do not receive Lifeline service from any other provider [note: without access to data bases, neither TracFone nor any other ETC can confirm that customers are not enrolled in other carriers' Lifeline programs]

Determinations of Initial Eligibility

- For program-based eligibility, self-certification under penalty of perjury
- For income-based eligibility (where permissible), applicants must provide proof of income (W2s, pay stubs, tax returns, divorce decrees, etc.).
- TracFone uses Lexis-Nexis to confirm identity of customers and customer information (based on name, address, last 4 digits of Social Security Number).
- Lexis-Nexis process is expensive but is reliable.
- Once an applicant's eligibility has been confirmed, the applicant is enrolled and is sent a phone with the first month's airtime preloaded into the phone.
- Each succeeding month's minute allotments are sent to the phone on or about the 1st of each month.

Annual Verification of Continuing Eligibility

TracFone (unlike other ETCs) is subject to 2 annual verification requirements:

- Survey a statistically-valid sample of enrolled customers (54.410(b))
- Verify that every customer remains i) head of household and ii) only receives Lifeline service from TracFone.

The TracFone Annual Verification Process

Biggest challenge: Getting customers to respond

TracFone uses multiple methods to contact customers:

- E-mail
- Direct mail
- SMS text messages
- Voice blast
- Calling

Customers can verify continuing eligibility using these methods:

- The Internet (www.safelink.com)
- Direct mail
- Telephone (toll-free to call center) (all calls with live agents are recorded)
- Interactive voice response system

Customer Ineligibility - Exposing the Myth

- Contrary to some reports, TracFone annual verifications have not revealed large numbers of enrolled Lifeline customers who are no longer qualified. The MA audit referenced in the Joint Board Recommended Decision (§ 82) did not conclude that only 51% of surveyed customers were still eligible.
- MA Dept. of Telecommunications and Cable concluded that TracFone complied fully with all verification requirements, including sampling requirements.
- Problem is that many surveyed customers did not respond at all. Customers who do not respond are de-enrolled, even if they are still Lifeline-eligible.

Verification - Solution and Goal

Goal - verification should be that all Lifeline customers who remain eligible should continue to receive Lifeline benefits, but that those who are no longer eligible should be de-enrolled. Continued enrollment should depend on the customers' status, not on whether they respond to e-mails, text messages or mailings.

Solution - Rather than require ETC to conduct verification surveys, all ETCs should be able to access and should be required to access annually a data base which would show for each enrolled Lifeline customer 1) whether they are enrolled in a qualifying program; and 2) whether any telephone associated with their household receives Lifeline benefits from any other ETC.

Non-usage Procedures -- a tool to Prevent Lifeline support going to Persons who do not use their Lifeline-supported service

TracFone, in consultation with state commissions, has developed a process whereby customers who go more than 60 days without receiving and using minutes are contacted by TracFone to determine whether they intend to remain in the program. Those who do not intend to remain and those who do not respond are de-enrolled.

Once de-enrolled, TracFone no longer receives USF support for those customers.

The non-usage process works well to eliminate non-users and prevent USF money going to fund non-users.

Problem: A Non-usage Policy must be Uniform for all ETCs

Competing providers do not follow a non-usage procedure.

A major competitor uses a 90 day procedure (rather than 60 day) in several states and has no non-usage procedure in other states.

A non-usage procedure will only achieve its intended results if all ETCs are subject to it.

FCC should make a procedure mandatory.

There is Nothing Wrong with “Free” Service

Joint Board Recommended Decision (¶ 79) asks FCC to consider whether there should be mandatory minimum charges for Lifeline service.

Free service should not be prohibited.

- Amount of USF support which ETCs receive (about \$10 per customer per month) is the same, no matter whether the ETC offers discounted service or free service, and no matter how much free service it provides.
- Low-income customers like the fact that SafeLink Wireless® is free. That, more than any other factor, is why so many customers have embraced the program.
- Even though service is free, demand for it is not infinite. Some customers prefer monthly discounts on their local wireline -- or wireless services.
- The non-usage procedure (described above) is a sufficient safeguard to prevent customers signing up for SafeLink Wireless® service simply because it is free.
- One-per-household rule is a further safeguard -- FCC efforts should focus on making the one-per-household rule work (e.g. by ensuring that all ETCs can determine whether Lifeline applicants receive service from other ETCs) rather than denying low-income consumers the benefits of free wireless Lifeline service.

Gaming the System Should Not be Permitted

- Link Up support should only be available to ETCs who have and who impose on their customers customary service commencement charges.
- ETCs should not be deemed to be facilities-based (and avoid the forbearance process and forbearance conditions and limitations) unless they provide service in the state(s) for which they seek ETC designation using, in part, their own facilities.
- Facilities do not need to be located in the state, but they must be used to provide USF-supported service in the state.
- “Facilities” means transmitting and routing facilities -- it does not mean operator centers, directory assistance services, operations support systems.
- Carriers should not be allowed to provide wireless USF-supported service in states where state commissions do not have authority to designate wireless ETCs without obtaining ETC designation from the FCC.

Enclosure 2



Working to Reduce Poverty in America.

Statement by Catholic Charities USA on the SafeLink Program

As an organization dedicated to providing service to people in need, advocating for justice in social structures, and calling on people of goodwill to do the same, Catholic Charities USA encourages the expansion of prepaid phone offerings as part of the Lifeline program. We support services like SafeLink Wireless that provide a free phone and free airtime each month to low-income individuals. Access to mobile phone service helps individuals get back on the road to self-sufficiency; it makes a dramatic difference in someone's life when they are able to support themselves and their family. We are grateful for the FCC's support, and look forward to continuing to assist the individuals we serve with this vital program.

Episcopal Liaison
The Most Reverend
Michael P. Driscoll,
MSW, DD
Bishop of Boise

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COMMUNITY ACTION PARTNERSHIP STATEMENT ON BEHALF OF SAFELINK WIRELESS

Community Action Partnership, along with its nationwide Community Action Network of over 1,000 local agencies, is committed to fighting poverty. It is because of this mission that we strongly support the Federal Lifeline program and the innovative offerings provided through it, such as SafeLink Wireless. As the first service to offer a completely free cell phone and monthly air time to eligible low-income individuals, SafeLink Wireless raised the bar of what is possible through Lifeline. More important though, is the impact services like SafeLink are having in the communities we serve. During a time of unprecedented need in our country, SafeLink is helping individuals regain their independence by enabling them to search for and secure jobs. The Promise of Community Action is to change people's lives, improve communities and make America a better place to live. We applaud the FCC for making available programs, like SafeLink, that help our organization meet its Promise.



Statement by Goodwill Industries International, Inc. on SafeLink Program

For more information:

Abby Hughes-Holsclaw,
Director of Resource
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As an organization dedicated to helping people earn a living, improve their lives, and strengthen their families and their communities, Goodwill Industries International, Inc. commends the expansion of prepaid phone offerings as part of the Lifeline program. We are a strong supporter of services like SafeLink Wireless that provide a free phone and free airtime each month to the people we serve. As individuals strive to get on the road to self-sufficiency, mobile phones help them stay connected with potential employers and thus help them seek and retain employment. During this time of financial uncertainty and high unemployment, Goodwill is working day in and day out to train and place individuals into much-needed jobs. We have seen first-hand the dramatic difference it makes in someone's life when they regain the ability to support themselves and their family. We commend the FCC and SafeLink for helping Goodwill advance its mission and look forward to continuing to connect the clients we serve with vital programs.

CONTACT: Chris Espinosa (202) 641-7186
cespinosa@hispanicfederation.org



hispanicfederation

FOR IMMEDIATE RELEASE

STATEMENT BY HISPANIC FEDERATION ON SAFELINK PROGRAM

New York, NY –Friday, December 03, 2010– The mission of the Hispanic Federation is to promote the social, political and economic well-being of the Latino community. For over 20 years our organization has worked with government, social service agencies and the community to meet this goal. We are encouraged by services, such as SafeLink Wireless, offered through Lifeline that are opening doors and bringing new opportunities to struggling Latino families. Simply having access to free mobile phone service can help someone gain regular employment, thus increasing their economic attainment and financial stability. As individuals and families attempt to recover from the current economic downturn, access to services like SafeLink is critical. Hispanic Federation also values the security, family connectedness, and peace of mind a mobile phone brings to the people we serve. Despite the tremendous strides that we have made in building safe and healthy communities, many Latinos still either live or work in depressed neighborhoods or remote areas and the ability to contact someone during an emergency could be lifesaving. The Hispanic Federation is pleased to support SafeLink and thanks the FCC for making such an important program available to our community.

The Hispanic Federation is a service-oriented membership organization of nearly 100 Latino health and human service agencies dedicated to promote the social, political and economic well-being of the Latino community. The Federation provides a wide-range of services geared towards strengthening Hispanic families and supporting Latino institutions serving over two million Hispanics living in the Northeast region. For more information, please visit www.hispanicfederation.org.

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THE SALVATION ARMY
USA Southern Territorial Headquarters
From the Office of the Territorial Director for Social Services

To Whom It May Concern,

The Salvation Army Southern Territory believes that the FCC's continued support of SafeLink is critical. We provide services to the poor throughout the southern fifteen states; we are dedicated to meeting human needs and were encouraged with the inclusion of prepaid phone offerings as part of the Lifeline program. On behalf of the less fortunate we strongly support services such as SafeLink Wireless that provide a free telephone and free airtime monthly to low-income individuals throughout the country. Access to a free mobile phone and minutes allow us to extend vital services as part of our mission to the poor while providing what has become an important basic service to the individuals we serve.

We feel that ownership of a mobile phone positively impacts an individual's life; cell phones are no longer a luxury, but rather have become vital to one's quality of life. The Salvation Army would strongly request the FCC to continue to support this program as we look forward to providing access to the use of it for the individuals we serve on a daily basis.

Sincerely,
Kevin W. Tomson-Hooper
Territorial Director for Social Services, The Salvation Army Southern Territory